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July 2, 2004

Kevin Herman  
Herman Management Company  
PO Box 2339  
Huntersville, NC 28070

Re: Curtis Pond Owners Association, Inc.

Dear Kevin:

As a follow up to your emails of June 16, 2004 to this office regarding the ability of the current developer, who is not the Declarant, to add a second phase to the association, the language set forth at Article II, Section 2 of the Declaration of Covenants, Conditions, and Restrictions for Curtis Pond does not appear to be limited to the Declarant. Accordingly, the questions set forth in your email of June 9, 2004 can be answered as follows:

1. Since the Declaration was filed on November 12, 1999, the ability to add additional properties continues to exist as there is a six year period within which such action can be taken beginning on the aforesaid date of the filing of the Declaration.
2. As long as the property being added is within the Base Tract as set forth in the Exhibit A attached to the Declaration, and the other requirements set forth in Article II are met, then the developer can add other lots to the Association without the approval of the association or owners within the community.
3. Article II, Section 2(b) specifically provides for the filing of a Supplementary Declaration and no approval requirement is set forth therein.
4. Since Article IV, Section 6 does not provide for a reversion of Class A lots to Class B once Class B lots have been converted to Class A, all new lots should be Class A lots. In addition, Class B lots could have only been lots owned by the Declarant or purchasers affiliated with the Declarant.
5. If either of the events set forth in Article IV, Section 8 have occurred, control of the

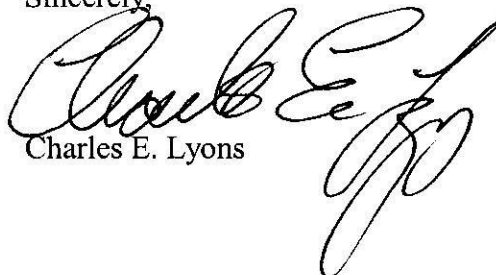
Board should not automatically revert to the new developer. Keep in mind, however, that the developer is entitled to a vote for each lot it owns so if it owns enough lots, it could elect whoever it wants at the next election of directors.

6. There appears to be no Exhibit A attached to our copy of the Declaration. However, as described in Article II, Section 2, no property can be added unless it is within the property described in Exhibit A.

7. If the Association acquired title to any property described in Exhibit A, it could bring it in as another phase without Curtis Pond, LLC being involved in the transaction. I doubt, however, if it would be prudent for the Association to become a developer.

If you have any questions or need any further information, do not hesitate to let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles E. Lyons". The signature is fluid and cursive, with the first name "Charles" being the most prominent.

Charles E. Lyons

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